
COPYRIGHT WORKS!

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CREATIVITY WORKS!



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CREATIVITY
WORKS!

Europe is a creative force. Our cultural diversity and creative edge set us apart on the global stage, and the fruits of European creative endeavours are known and loved throughout the world. They are at the centre of our collective European identity and competitiveness.

Creativity is one of Europe's strongest assets. It helps drive growth and jobs, cultural diversity, social well-being, as well as Europe's influence on the world stage.

**“THE FUTURE OF EUROPE
IS ITS BRAIN, ITS HEART
AND ITS TALENT...”**

Michel Lambot, co-founder
and co-president of [PIAS] Music
Group (Agnes Obel, Placebo, Mogwai,
2ManyDJs and many others)

THE COPYRIGHT-INTENSIVE INDUSTRIES GENERATE...



€509 Billion
of Europe's GDP



7 Million Jobs

The creative sectors are also a significant employer of young people.

THEY ALSO...

...generate a multibillion - euro trade surplus - some €15bn in 2010
- and offer a wage premium of 69% (source: OHIM/EPO)

COPYRIGHT
IS CENTRAL TO
THIS EUROPEAN
SUCCESS STORY

COPYRIGHT MATTERS

Through its members, **Creativity Works!** represents countless creative businesses and creators from all across the EU whose trade and livelihoods depend upon copyright and its effective protection.

Copyright is entwined with Europe's cultural heritage and diversity. It is a driver for growth and employment; it supports innovation and investment in the creation of content and the development of new business models in the creative and cultural sectors. It has led to an unprecedented offer of films, music, TV programmes, apps, games and books for Europeans. It is also a fundamental right, enshrined in the EU Charter of Fundamental Rights. And it's not just for superstars:

beyond well-known, established creators and businesses, copyright supports emerging and lesser known creators, entrepreneurs and cultural enthusiasts. In fact, 99% of creative businesses are micro-, small- and medium-sized enterprises.

“COPYRIGHT IS THE ESSENTIAL FOUNDATION OF CREATIVITY AND IS VITAL FOR THE SUSTAINABLE CREATION AND DELIVERY OF CREATIVE CONTENT ON ALL PLATFORMS.”

*Guillaume de Posch,
Co-CEO of RTL Group*

Millions of people across the EU are behind the films, music, photographs, video games, sports events, TV programmes and books we all enjoy, beginning with the screenwriters, artists, writers and other creators, via the technicians, designers, and engineers, all the way to the producers, distributors,

publishers and other entrepreneurs who bring the work of creators to audiences.

Strong copyright ensures that they can keep working and doing what they do best – creating and investing in the works Europeans enjoy and cherish.

COPYRIGHT
DRIVES DIGITAL
INNOVATION

EU copyright is a success it creates jobs, pays taxes and promotes innovative online business models that support European culture. It allows creators and businesses to adapt to technological change and ultimately give audiences what they want in the digital marketplace. Our sectors are way ahead in going digital, creating flexible online solutions that enable on-demand access to creative works.

The current copyright framework enables distribution on a linguistic, territorial, multi-country as well as pan-EU basis. It also allows services to be available across borders.

Indeed, such services are already a reality where there is sustainable consumer demand.

For instance, Europe is home to two of the world's leading music subscription services, Spotify from Sweden and Deezer from France. Both services are fully licensed. Without a healthy copyright and licensing environment, these services would probably not have been able to launch and expand so rapidly and lead the world music subscription market.

JUST SOME OF THE WAYS TO DISCOVER LEGAL OFFERS ONLINE

The website pro-music.org provides a list of over 500 legal music services available across the world.

In Denmark, the public awareness-raising campaign *Share with Care* is a joint initiative by Danish rightsholders, the telecommunications industry and the Ministry of Culture providing information on legal online services for film, television, books, music and radio.

In France, the Centre National du Cinéma et de l'Image Animée (CNC) hosts a reference site that aims to simplify access to all existing legal Video on Demand offers.

Italy's content industries have launched *Mappa dei contenuti*, a portal that enables users to search a catalogue of the various legal offers of content and services.

In The Netherlands, the content industries have launched "The Content Map" providing information on legal services for film & TV, music, games, e-books and sports.

In Poland, *Legalna Kultura* serves as a portal for legal offers of film, music,

press/print, etc. and aims to promote access to culture through legal channels.

In Spain, the portal Mesientodecine.com has been launched with the support of the film industry and the Spanish Government, providing information on the various legal services and how to access them. The industry has also supported the launch of *Encuentra Tu Peli*, which enables users to search for online and offline film offers by film title.

In the United Kingdom, "The Content Map" is a website launched by The Alliance for Intellectual Property which covers legal services for films & TV, music, games, e-books and sports. The initiative is complemented by the *FindAnyFilm* website, which allows users to search for legal offers according to specific film titles.

Photography is only available online via professional visual content providers who offer high resolution, quality pictures at very accessible prices. A large number of pictures are indeed available completely free of charge.

Music publishers and record labels grant multi-territorial licences on a daily basis for millions of tracks.

Digital music services iTunes, Deezer, 7 Digital and YouTube are available in all EU countries, while Spotify is available in 23 countries and allows you to travel with your music. Many more services cover multiple territories and are planning to expand. New players such as Apple's Music subscription service or YouTube Music Key are expected later this year, and national repertoire in all languages from across the EU is widely available in every EU country.

International video game platforms make games instantly and simultaneously accessible to millions of gamers across Europe.

Book publishers also grant worldwide licences as they acquire rights on a specific language version. The French publisher Actes Sud for instance acquired the French version of Swedish author Stieg Larsson's Millennium series, and ensured that as many fans as possible can buy the French version, including across borders.

Citizens across Europe now have more legal access to films and TV shows and series on more devices than ever before, including over 3,600 audio-visual services. – above and beyond the unparalleled diversity of film genres on more than 29,000 digital cinema screens throughout the EU.

Europe's diverse cultural and linguistic audience matters to us:

in an EU of 28 Member States and 24 national languages many creative works need to be edited, curated, adapted and promoted separately for each cultural market.

The territorial nature of copyright continues to support the creation, deployment of and investment in new online services and platforms across the EU to reach culture lovers where they are, in a format tailored to suit them. These platforms rely on creative works that respond to the specific interests and tastes of the domestic audience to drive long-term traffic.

The freedom to license works with a mix of different licensing models and to partner with platforms of different sizes and scope, depending on diverse consumer tastes and preferences, thus enables a virtuous circle of investment in jobs and cultural diversity. Moreover, licences can enable rightsholders to serve the needs of users across borders. For instance, enrolled students can access content paid for by a university anywhere in the world via remote log-ins.

By contrast, mandating cross-border access by law would threaten diversity significantly. For example, if a multi-territorial licensing regime were to be imposed, only the biggest market players would be able to afford it, undermining smaller and independent businesses at the heart of the EU's creative sector and thereby reducing the choices and options for consumers. Effectively it would mean transferring value from European creators and their business partners to big global Internet platforms. Of course, more can always be done.

Check out the licences for Europe dialogue (ec.europa.eu/licences-for-europe-dialogue) to see what novel solutions Europe's cultural and creative sectors are working on to bring more works online.

TV PORTABILITY AND CROSS-BORDER ACCESS

“The bouquet of products a media company can offer to viewers is still growing. The future is bright.”

Frank Smismans, VMMA Television

Access to TV content across borders, as well as portable access to services you’ve subscribed to, already exist. For example, it is possible via the online delivery of national programmes (simul-casting,

on-demand/related services, etc.) and subscription-based broadband services (e.g. Danish IPTV); via TV broadcast overspill (when a TV station can be received outside its target market/geographic coverage area) and satellite broadcasting; and via local cable distribution of foreign broadcast programmes. Other over-the-top content (OTT) services include Infinity by Mediaset, Videoland by RTL, and Viaplay by MGT.

CULTURAL DIVERSITY IN PRACTICE

Sport is territorial by nature, and so broadcasts must be tailored to national tastes.

For instance, Ireland versus England in the Six Nations Rugby tournament is covered simultaneously by the Irish and British national broadcasters.

Each country’s supporters expect the “narrative” of the match to be told from their national perspective by recognized, household-name commentators, with the half-time and post-match analysis focused on the performance of their respective “heroes” or “villains”. By definition, the same match will be viewed very differently by the two sets of supporters.

COPYRIGHT, FILM-MAKING AND BROADCASTING

The EU's Creative Europe Programme supported a number of European films. These include British-French-German co-production 'Mr Turner' and Polish Oscar winning film 'Ida'. They are EU success stories, but the truth is that neither of these films would have been made without the contractual freedom to tailor financing and distribution to each film. Pre-sales of exclusive distribution rights often represent anything from 25% up to as much as 55% of the financing plan for a film. For 'Mr Turner', territorial pre-sales represented some 47% of the film's budget, without which it would have struggled to find financing (source: IFTA).

National broadcasters often agree to co-finance a film or TV series before a single frame has been shot in exchange for exclusivity in their respective territories. This provides an incentive for significant investment and ensures that all the contributors to the production are paid.

“Rouge Brésil is a very big and complex project. You need money from many sources. Usually you have to pre-sell. You have to go to someone and say: “I have this project. I'm going to do it that year. Would you like to buy a piece of that? You will have the exclusive rights for TV, for x numbers of months or years.”

Ricardo Rangel, Conspiração Filmes

FILMMAKING/FINANCING

It takes financing and investment and the work of many people to bring creativity to the screen.

Pre-financing

Is often done by sharing risks with other partners (coproducers, private investors, etc.) and by pre-selling distribution rights (before the film is made) by platform, language and/or territory to entities specialised in marketing and distributing audiovisual content in the various channels (theatrical, DVD, TV, online). Pre-sales often represent 25-55% of the financing plan of a film.

The revenue generated will serve both to cover the costs of making plus releasing the film, and to invest in future projects.



MAKING A FILM

Is a complex and risky venture. It involves the hard work of many people over several years – and success is by no means guaranteed

...AND CREATIVE
RISK-TAKING AND
EXPERIMENTS

Investing in creative projects always involves financial risk-taking and experimenting; we rely on legal certainty to encourage and underpin our ongoing investments in emerging talent and diverse creative works. Copyright gives us that certainty, as well as the flexibility to experiment and develop our visions of the future.

“There is a delicate balance between creativity and finance. You need the financing to make creative works,” “new platforms must take some financial responsibility; otherwise there will be too few films for them.”

Danish independent film producer Lise Lense-Møller (Into Eternity, Burma VJ)

Each new cultural work is a prototype, and we can never be sure of success. But each success helps finance other works. For example, out of every ten books published, one makes money, two or three break even; the rest actually lose money.

Creators and their business partners are producing more works than ever before because they know that they stand a chance not only of recovering, but also being rewarded for the time and money they invest in imagining, developing, producing and distributing creative works.

“Scouting for the best authors and launching them has become our main pride [...] Success produces a virtuous cycle enabling us to invest in new talent and marketing them.”

Stefano Mauri, president and CEO of Italian publishing group Mauri Spagnol

CREATIVITY WORKS! FANS OF FILM, MUSIC, BOOKS, PHOTOS, VIDEO GAMES AND SPORTS CAN WATCH, LISTEN TO, SEE AND READ MORE CREATIVE WORKS THAN EVER BEFORE

Today we can enjoy over 2 million e-book titles and over 40 million licensed songs, and over 3000 video-on-demand (VoD) services are on offer in Europe. There are now 230 licensed digital music services in the EU and total online film transactions have soared to 58.8 million in 2012 (a growth rate of 2,350% since 2006). The video game industry has been growing at annual rates of 12-15%, and is now worth over €18 billion in Europe.

The European Commission's report on "The Development of the European Market for On-Demand Audiovisual Services" found some striking figures:

- The number of European subscribers to subscription video-on-demand (SVoD) services rose from 2 million in 2010 to nearly 18 million in 2014 and is projected to rise to 59 million by 2020 (Digital TV Research);
- OTT SVoD services will grow by 103% in 2014 in Western Europe and by 47% in Eastern Europe according to Strategy Analytics;
- SVoD services are the fastest growing business model in Europe, representing 26.4% of Europe's consumer spending on digital video services (IHS).

PART OF EUROPE'S CULTURAL AND ECONOMIC FABRIC

INNOVATION

3000

Over 3000 on-demand audiovisual services available

- The app explosion is largely games-based: they generate **72%** of app store revenue
- **46%** of the global music sector is digital
- **2 million** e-book titles exist
- Total spending on online video transactions rose **97.1%** in 2012

PASSION



25%

of Europeans online play video games at least once per week

- **54%** of Europeans watch films every day
- Books are the most bought product online
- 'Music' is the most viewed YouTube video category
- In 2013 **907 million** Europeans went to the cinema
- Europeans watched on average **235 minutes** of linear TV per day in 2012

DYNAMISM



of firms in the EU's creative sectors have fewer than 10 employees – and SMEs drive jobs!

- **99%** of music businesses are micro, smaller medium sized enterprises
- The European market for photography represents **50%** of the world market on a reported aggregate stock of **362 million** images
- SMEs are responsible for the vast majority of the value generated in the EU's film and music sector (over **90%** in 2010, most recent figure)
- 28 EU leading companies created **40%** of the top 100 grossing apps in the EU and US

INSPIRATION

1 Million

More than 1 million companies are involved in motion picture, video and television programme production, sound recording and music publishing activities

- A video game developed in Scotland broke six Guinness World Records last year, including the highest revenue generated by an entertainment product of any kind in 24 hours
- Independent music companies account for **80%** of all new releases, as well as **80%** of jobs in the music sector
- Nine out of ten of the most 'liked' people on Facebook are artists

SOCIAL CONTRIBUTION AND CULTURAL DIVERSITY

CREATIVE WORKS OFTEN HAVE A PUBLIC SERVICE FUNCTION TO EDUCATE, INFORM, CULTIVATE AND ENTERTAIN!



56%

of Europeans use the internet for cultural purposes, of which 53% to read newspaper articles and 42% to listen to the radio or music



1546

feature films were produced in the EU in 2013. Local films led the 2013 box office in the Czech Republic, Denmark, Finland, Italy and Lithuania (and also in Norway, Turkey and Russia)



11428

TV channels are available in Europe, including 300 News Channels and 320 Kids Channels



553 000

new book titles in 2012, with 9 million book titles in stock - and books are still considered the most reliable source of information



40 Million

licensed songs and over 230 licensed digital music services are available

Copyright encourages investment in other ways. The term of protection of copyright, governed by international treaties, strengthens incentives for creation and encourages the often year-, or even life-long intellectual and financial investment in creative works by creators and their business partners. Shortening it would ultimately damage the public domain by reducing the absolute number of works produced.

Piracy also undermines and discourages investment. It threatens the entrepreneurial risk-taking that is undertaken by the cultural and creative sectors, which consist mainly of SMEs. In doing so, it constitutes an obstacle to an effective digital single market and harms Europe's economy.

“It is a real plague in Mexico. It represents 80% of the DVD marketing. For example for this movie we sold 150.000 DVDs. But my distributor said: “we could have sold 80% more.” We are talking about 700.000 more DVDs. It would also have helped pay for at least half of my next movie.”

*Roberto Girault (on piracy),
El Estudiante – The Journey
of a Mexican Film Maker*

“Being able to charge for content is the best way to retain independence – and this is true online as well.”

Helienne Lindvall, Songwriter

SO, WHAT DOES
EUROPE'S DIGITAL
ECONOMY NEED?

The digital economy needs more than just a strong and flexible copyright regime. A broad approach is required to achieve a Digital Single Market in Europe, and the EU can act on a number of issues to ensure that Europe can be a thriving, competitive market online:

1. **Investment in infrastructure.**

Europe's current Internet infrastructure has fundamental limitations which hinder online access across the EU. Broadband speed and penetration rates vary, meaning many cannot reliably access audio-visual content – let alone cutting edge experiences such as 3D and 4K video, network gaming and virtual interactive worlds. In some cases, this means schools cannot access the numerous digital resources publishers are developing.

2. **Digital skills.** Publishers already invest independently in training teachers in the skills necessary to make full use of the digital resources. Europe should do more to help.

3. **Fair competition between platforms that pay for using creative works, and those that don't.** The creative sectors have gone to great lengths to come up with new, legal online

services where there is demand. But if major online platforms simply want cost-free decoration for their advertising spaces, then the creative industry simply cannot compete.

4. **A harmonised and reduced VAT rate** for online dissemination of creative works and services would encourage cross-border purchases – and the current lack of one is an obstacle.

5. More work is needed to **improve the environment for e-commerce in Europe.** Slow developments in the areas of micro-payments and digital signatures are particular obstacles to the digital single market.

6. Finally, the **EU must remain an environment that encourages investment in the creative and cultural sectors.** Without continued investment in content and creative works and services, other measures to develop the digital single market in the creative and cultural sectors are for nil. On the other hand, a strong copyright regime means Europe's creative and cultural sectors can continue to lead the world in creating and investing in the works Europeans cherish.

FOR EUROPE, FOR CREATORS
& THEIR BUSINESS PARTNERS,
AND FOR EUROPEAN CULTURE
LOVERS

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